

LONG DISTANCE SERVICES (continued)	BELL ATLANTIC/NYNEX STANDARD	APPLICANTS' CLAIMS	PETITIONERS' AND COMME SUBMISSIONS
	Identify impact on customer groups: (1) residential customers and small businesses; and (2) medium-sized businesses; and (3) large businesses/government users	<ul style="list-style-type: none"> • Applicants have supplied no information to assess impact on the different customer groups • Resellers have access to wholesale capacity from other sources 	<ul style="list-style-type: none"> • Competition for residential and businesses will be harmed by WorldCom/MCI abandoning local market to concentrate on high customers (namely businesses) • All classes of customers will s because resellers serving the market will pay higher rates for wholesale capacity • Resellers will be denied access advanced capabilities needed compete
	Identify the most significant market participants	<ul style="list-style-type: none"> • All IXC carriers, including small IXCs 	<ul style="list-style-type: none"> • AT&T, MCI, Sprint, WorldCom

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LONG DISTANCE SERVICES (continued)	Evaluate the competitive effects of the merger	<ul style="list-style-type: none"> • Merger will have no anticompetitive effects b/c Applicants hold no bottlenecks and the interexchange market has virtually no barriers to entry • Coordinated action is unlikely • Merged company will remain committed to serving residential markets; residential customers are important users of network capacity that would remain idle 	<p><u>Retail Long Distance</u></p> <ul style="list-style-type: none"> • Combines the 2nd and 4th large distance providers • Increases likelihood of price competition • Under DOJ Guidelines, market is "highly concentrated" • HHI analysis shows that merger will increase market power <p><u>Wholesale Long Distance</u></p> <ul style="list-style-type: none"> • Absent WorldCom, the three largest providers will pursue less vigorous wholesale market strategies
	Identify the relevant product markets	<ul style="list-style-type: none"> • Seamless global services market (i.e., IMTS and private line services constitute a single product market) 	<ul style="list-style-type: none"> • There are two end-user product markets: (1) private line services and (2) transport services • Transport capacity is an input market
INTERNATIONAL SERVICES	Identify the relevant geographic markets	<ul style="list-style-type: none"> • World-wide market 	<ul style="list-style-type: none"> • The FCC defines geographic markets on a case-by-case basis

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	Identify impact on customer groups: (1) residential customers and small businesses; and (2) medium-sized businesses; and (3) large businesses/government users	<ul style="list-style-type: none"> No discussion 	<ul style="list-style-type: none"> The merger will adversely affect businesses and residential customers, diminishing competition in the market for IMTS services Large businesses and resellers typically use private line services and are likely to be affected by increased concentration in the private line market
	Identify the most significant market participants	<ul style="list-style-type: none"> All domestic and foreign IXCs 	<u>Private Line Services</u> <ul style="list-style-type: none"> AT&T, MCI, Sprint, WorldCom <u>IMTS</u> <ul style="list-style-type: none"> AT&T, MCI, Sprint, WorldCom <u>Transport</u> <ul style="list-style-type: none"> AT&T, MCI, Sprint, WorldCom

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	Evaluate the competitive effects of the merger	<u>Combined Private Line and IMTS</u>	<u>Private Line Services</u>
INTERNATIONAL SERVICES (continued)		<ul style="list-style-type: none"> • Merger will not have anticompetitive effects because market is growing and prices are declining • Market entry is easy 	<ul style="list-style-type: none"> • Combines 2nd (MCI) and 3rd (WorldCom) ranked carriers by revenue to surpass AT&T as the market leader • Under the DOJ's merger guide market is already highly concentrated • HHI analysis shows that the merger is unlikely to create or enhance market power
		<u>Transport</u> <ul style="list-style-type: none"> • Substantial capacity exists; new cables are being planned 	<u>IMTS</u> <ul style="list-style-type: none"> • Combines 2nd (MCI) and 4th (WorldCom) ranked carriers by revenue • Creates incentive for collusion • Under the DOJ's merger guide market is already highly concentrated • HHI analysis shows that the merger is unlikely to create or enhance market power <u>Transport</u> <ul style="list-style-type: none"> • Under the DOJ's merger guide market is already highly concentrated • Capacity shortage will be exacerbated even though new cables are coming on line • Increased incentive to raise the price of this input • Increased incentive to restrict output to prevent competition in the retail market

INTERNET	BELL ATLANTIC/NYNEX STANDARD	APPLICANTS' CLAIMS	PETITIONERS' AND COMMENTARIES' SUBMISSIONS
	Identify the relevant product markets	<ul style="list-style-type: none"> All Internet services constitute a single market; there is no separate Internet backbone market 	<ul style="list-style-type: none"> Separate markets for: (1) backbone, (2) Internet exchange, and (3) Internet access
	Identify the relevant geographic markets	<ul style="list-style-type: none"> Global geographic market for Internet services 	<ul style="list-style-type: none"> Backbone geographic market is not a separate market; examine choices on specific routes
	Identify impact on customer groups: (1) residential customers and small businesses; and (2) medium-sized businesses; and (3) large businesses/government users	<ul style="list-style-type: none"> No discussion 	<ul style="list-style-type: none"> Dominance over Internet backbone services will adversely affect all users and not just large participants
	Identify the most significant market participants	<ul style="list-style-type: none"> IXCs, cable operators, satellite companies, BOCs, utilities 	<ul style="list-style-type: none"> WorldCom-controlled entities, including Sprint
	Evaluate the competitive effects of the merger	<ul style="list-style-type: none"> Applicants will not control bottleneck facilities Significant transmission capacity exists Dramatic growth and entry will prevent the merger from having any anti-competitive effects 	<ul style="list-style-type: none"> Combines number 1 and number 2 backbone operators Merged entity will control approximately 50% or more of Internet backbone capacity Significant risk that merged company could discriminate against small backbone providers and raise connection fees for customers

LOCAL EXCHANGE AND EXCHANGE ACCESS	BELL ATLANTIC/NYNEX STANDARD	APPLICANTS' CLAIMS	PETITIONERS' AND COMME SUBMISSIONS
	Identify the relevant product markets	<ul style="list-style-type: none"> No discussion, but seems to assume local exchange and exchange access 	<ul style="list-style-type: none"> Local exchange and exchange
	Identify the relevant geographic markets	<ul style="list-style-type: none"> No discussion 	<ul style="list-style-type: none"> Each city where MCI and Wor have overlapping existing or p facilities
	Identify impact on customer groups: (1) residential customers and small businesses; and (2) medium-sized businesses; and (3) large businesses/government users	<ul style="list-style-type: none"> No discussion 	<ul style="list-style-type: none"> Merger will adversely affect r and small business customer
	Identify the most significant market participants	<ul style="list-style-type: none"> No explicit discussion, but cites ILECs as dominant carriers 	<ul style="list-style-type: none"> ILECs, AT&T, MCI, WorldCor

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LOCAL EXCHANGE AND EXCHANGE ACCESS (continued)	Evaluate the competitive effects of the merger	<ul style="list-style-type: none"> • Merger will create a strong, aggressive nationwide carrier better able to compete with ILECs • The two companies bring complementary strengths to the merger • There will be no competitive overlap of actual facilities or local operations • Merged company is committed to residential service where economically attractive and assuming favorable FCC actions • Merger will result in significant cost savings and efficiencies 	<ul style="list-style-type: none"> • Significant competitive overlap numerous cites exist • Loss of a competitor in the local exchange market • Cost savings would be at expense of local exchange competition • Applicants have announced plans to abandon reselling local service to residential customers • Commitment to residential local exchange market questioned